



July 30, 2001

Mr. Bion M. Gregory
Legislative Counsel
State Capitol, Room 3021, B-30
Sacramento, CA 95814

Dear Mr. Gregory:

Attached is the Department of General Services (DGS), Disabled Veteran Business Enterprise (DVBE) Annual Report for Fiscal Year 1999/2000. This report is required by Military and Veterans Code Section 999.7 and Public Contract Code Section 10115.5.

The report contains: (1) an analysis of last fiscal year versus this fiscal year; (2) improvements and activities for enhancing the DVBE participation; and (3) statistics regarding the DGS disabled veteran business enterprise utilization in state contracting opportunities.

If you need further information or assistance, please contact Patricia Jones, Manager, Procurement Division, Department of General Services, at (916) 324-6455.

Very truly yours,

Barry D. Keene, Director
Department of General Services

BDK:ML:ml

Enclosure

cc: see attached distribution list #2

Rosamond C. Bolden, Chief Deputy Director, Department of General Services

Ralph E. Chandler, Deputy Director, Procurement Division, Department of General Services

Patricia Jones, Manager, Policy, Legislation & Training, Procurement Division, Department of General Services

Ron Brand, Disabled Veteran Business Enterprise Advocate, Department of Veterans Affairs

DISTRIBUTION #2
LEGISLATIVE REPORT LISTING

ORIGINAL LETTER TO EACH OF THE FOLLOWING:

Mr. Bion M. Gregory
Legislative Counsel
State Capitol, Room 3021, B-30
Sacramento, CA 95814
(1 original)

Mr. E. Dotson Wilson
Chief Clerk of the Assembly
State Capitol, Room 3196, E-24
Sacramento, CA 95814
(1 original)

Mr. Gregory Palmer Schmidt
Secretary of the Senate
State Capitol, Room 3044, E-22
Sacramento, CA 95814
(1 original)

COPY OF LEGISLATIVE COUNSEL'S LETTER TO EACH OF THE FOLLOWING:

Michael J. Gotch, Legislative Secretary
Office of the Governor
State Capitol, First Floor, E-15
Sacramento, CA 95814
(1 copy)

Office of Legislative Counsel
Attention: Indexing Division
925 L Street, Suite 1150, B-30
Sacramento, CA 95814
(1 copy)

Happy Chastain, Deputy Secretary-Legislation
State and Consumer Services Agency
915 Capitol Mall, Room 200, C-14
Sacramento, CA 95814
(1 copy)

California State Library
Government Publications Section
914 Capitol Mall, E-29
Sacramento, CA 95814
(2 copies)

S. Calvin Smith, Program Budget Manager
Department of Finance
915 L Street, A-15
Sacramento, CA 95814
(1 copy)

Originating Office

Fred Klass, Program Budget Manager
Department of Finance
915 L Street, A-15
Sacramento, CA 95814
(1 copy)

Karen L. Neuwald, Assistant Director-Legislation
Department of General Services
1325 J Street, Suite 1910, C-1
Sacramento, CA 95814
(1 copy)

LEGISLATURE--REVISED 06/28/00

Cec Wallin, Budget and Planning Officer
Office of Fiscal Services
1325 J Street, Suite 1600, C-18
Sacramento, CA 95814
(1 copy)

ANNUAL REPORT ON THE PARTICIPATION OF DISABLED VETERAN-OWNED BUSINESS ENTERPRISES IN STATE CONTRACTING

Pursuant to the requirements of Public Contract Code §10115.5 and Military and Veterans Code §999.7, this report on the participation of disabled veteran-owned business enterprises in contracts awarded by the Department of General Services (DGS) for Fiscal Year 1999/2000 is hereby submitted to the Legislature and the Governor.

Contents

| | |
|---|---|
| Analysis: Fiscal Year 1999/2000 vs. Fiscal Year 1998/1999 | 3 |
| Continuous Improvements and Activities | 4 |
| The DGS' Disabled Veteran-Owned Business Participation Data | 7 |

FISCAL YEAR 1999/2000 VS. FISCAL YEAR 1998/1999

The combined total dollar value of all contracts awarded by the DGS for Fiscal Year 1999/2000 was \$949,568,399, with awards to disabled veteran-owned businesses totaling \$26,106,175, or 2.7 percent. The following is a comparison of the Fiscal Year 1999/2000 data with the Fiscal Year 1998/1999 data:

| | Fiscal Year 1998/1999 | Fiscal Year 1999/2000 | Percent Change |
|--------------------------------------|----------------------------------|----------------------------------|---------------------------|
| Total Contract Awards | \$ 574,451,153 | \$ 949,568,399 | 65% |
| DVBE Awards | \$ 5,237,175 | \$ 26,106,175 | 399% |
| DVBE Percentage | 0.9% | 2.7% | 200% |

Although the DGS did not achieve the mandated three percent in awards to disabled veteran-owned businesses, it is noteworthy that the DGS' performance in awarding contracts to disabled veteran-owned businesses for Fiscal Year 1999/2000 represents a significant improvement over the previous year.

This gain was attributable primarily to the Procurement Division (PD), which awarded over \$500 million in contracts, with 4.4 percent awarded to disabled veteran-owned businesses compared to one percent for the previous year. In addition, the Office of Risk and Insurance Management awarded nearly \$1 million in contracts, with 4.1 percent awarded to disabled veteran-owned businesses compared to 0.1 percent for the previous year.

This report summarizes the actions the DGS is taking to improve its overall performance and achieve the three percent goal set forth in statute.

Continuous Improvements and Activities

The DGS has moved on several fronts to improve execution of the Disabled Veteran-Owned Business Enterprise Participation Program — not only within the DGS, but also throughout all state agencies.

- The DGS is sponsoring Assembly Bill 737, authored by Assembly Member Jenny Oropeza, designed to expand Senate Bill 1049 to include certified disabled veteran-owned businesses.
- The DGS initiated establishment of the Disabled Veteran-Owned Business Enterprise Council, which held its first meeting on January 31, 2001.
- Effective July 1, 2000, the DGS merged the Office of Small Business Certification and Resources with the PD to strengthen all of its programs, including the Disabled Veteran-Owned Business Enterprise Participation Program as well as the Small Business Program, and to achieve greater efficiencies.
- The DGS PD has stepped up outreach activities to assist disabled veteran-owned business entrepreneurs in understanding the state's programs and how to pursue opportunities for participating in state contracting.
- Presentations to, and training of, state contracting officials and their management have also been stepped up to ensure their understanding of the importance of disabled veteran-owned business enterprises in state contracting.
- The role of the Small Business Advocate has been expanded to include advocacy for the disabled veteran-owned business community.
- The DGS established the Annual Contracting Recognition Awards to recognize the outstanding achievements of state agencies in promoting contracting opportunities for certified small and disabled veteran-owned businesses.

Assembly Bill 737

There is the very important need to streamline the contracting process to encourage a greater number of contract awards to certified disabled veteran-owned businesses. Assembly Bill 737, authored by Assembly Member Jenny Oropeza and sponsored by the DGS, is designed to expand the simplified contracting process for small businesses (Government Code §14838.5) to include disabled veteran-owned businesses. The simplified contracting process will apply to contracts valued at more than \$5,000, but less than \$100,000, and will reduce the number of bids required to two bids when they are from certified disabled veteran-owned businesses and the contract is awarded to a certified disabled veteran-owned business.

Disabled Veteran-Owned Business Enterprise Council

Patterned after the concept and scope of the Small Business Council, which has been in place for several years, the Disabled Veteran-Owned Business Enterprise Council will provide an invaluable forum to explore ways to continuously improve the Disabled Veteran-Owned Business Enterprise Participation Program.

The council's membership, which convened for the first time on January 31, 2001, consists of representatives from the disabled veteran-owned business community and various state agencies.

This new council will play a vital role in bringing about long-term and lasting improvement.

Accomplishments

The DGS' Office of Small Business Certification and Resources has facilitated accomplishing several improvements designed to increase disabled veteran-owned business participation in state contracting and the number of certified disabled veteran-owned businesses.

These improvements include:

- Developing and implementing a one-page certification application form.
- Improving the on-line Business Information System to permit contract and purchasing professionals to identify potential certified disabled veteran-owned businesses for contract awards through a simple, key-word search instead of having to use the more cumbersome Standard Industrial Classification code to perform the search. This improvement will be in place by the third quarter of this year.
- Developing a contract monitoring procedure to ensure prime contractors are fulfilling their contractual obligations with respect to awarding subcontracts to disabled veteran-owned businesses. This improvement will also be in place by the third quarter of this year.

Outreach and Training

The DGS' PD enhanced its outreach activities to help disabled veteran-owned businesses understand the state's contracting practices and how to participate in state contracting. In the past year, the division's Small Business Opportunity Unit and the Office of Small Business Certification and Resources conducted presentations at conferences and special events to a combined audience of over 3,000 small and disabled veteran-owned business enterprises throughout the state.

These representatives also met with or held training sessions for several hundred state contracting officials and their management, helping them to understand the importance of certification and stressing the need to ensure small and disabled veteran-owned businesses are fairly considered for state contracting opportunities.

Small Business Advocate

The role of each agency's Small Business Advocate has been expanded to include promoting opportunities within their respective organizations for disabled veteran-owned businesses to compete for contract awards for which they qualify.

Annual State Contracting Recognition Awards

The First Annual State Contracting Recognition Awards were presented in Sacramento in September 2000, to recognize the outstanding achievements of seven state agencies for developing and implementing effective programs to promote increased contracting opportunities for certified small and disabled veteran-owned businesses.

The DGS established the recognition and awards program in response to Assembly Bill 2405 (Leach) (Chapter 917, Statutes of 1998), effective January 1, 1999. The law requires the DGS to establish a recognition and awards program for state employees who make an outstanding contribution to the state's overall effort to increase the level of small business participation in state contracting. Although not required by law, the DGS' program also recognizes state agencies that have made strides towards increasing opportunities for certified disabled veteran-owned business enterprises.

The awards will be presented again in September of this year.

Internal Emphasis

The DGS is placing strong internal emphasis on improving the department's overall program performance. As part of this effort, the DGS is focusing on gaining insights from those agencies that have achieved acceptable levels of awards to disabled veteran-owned businesses with the objective of developing best practices for all divisions and offices within the DGS.

THE DGS DISABLED VETERAN-OWNED BUSINESS PARTICIPATION DATA

Agencies are required to report disabled veteran-owned business participation in the following contract categories:

- All contracts
- Contracts valued at under \$25,000
- Contracts for goods (formerly known as commodities), services and construction

The DGS' data for these categories are shown on the following pages.

Disabled Veteran Business Enterprise ALL CONTRACTS

Department of General Services

FY 99/00

| Division or Office | Total Contract Dollars | Disabled Veteran Contract Dollars | Office Disabled Veteran % |
|---|---------------------------|--------------------------------------|---------------------------------|
| DGS - ADMINISTRATIVE HEARINGS | \$3,291,616 | \$0 | 0.0% |
| DGS - ARCHITECT, DIVISION OF THE STATE | \$2,814,328 | \$9,150 | 0.3% |
| DGS - EXECUTIVE OFFICE | \$892,586 | \$0 | 0.0% |
| DGS - FISCAL SERVICES | \$1,602,473 | \$0 | 0.0% |
| DGS - FLEET ADMINISTRATION | \$13,763,998 | \$19,070 | 0.1% |
| DGS - HUMAN RESOURCES | \$190,237 | \$0 | 0.0% |
| DGS - LEGAL SERVICES | \$90,318 | \$0 | 0.0% |
| DGS - PROCUREMENT | \$531,329,053 | \$23,520,759 | 4.4% |
| DGS - PUBLIC SCHOOL CONST. | \$881,054 | \$0 | 0.0% |
| DGS - REAL ESTATE SERVICES | \$343,106,734 | \$2,481,902 | 0.7% |
| DGS - RISK & INSURANCE MGMT. | \$950,997 | \$38,610 | 4.1% |
| DGS - SMALL BUSINESS CERT. | \$466,644 | \$4,842 | 1.0% |
| DGS - STATE PUBLISHING | \$38,096,348 | \$2,101 | 0.0% |
| DGS - TELECOMMUNICATIONS | \$12,092,013 | \$29,741 | 0.2% |
| DEPARTMENT TOTALS | \$949,568,399 | \$26,106,175 | 2.7% |

Disabled Veteran Business Enterprise

CONTRACTS UNDER \$25,000

Department of General Services
FY 99/00

| Division or Office | Total Contract Dollars | Disabled Veteran Contract Dollars | Office Disabled Veteran % |
|--|---------------------------|--------------------------------------|---------------------------------|
| DGS - ADMINISTRATIVE HEARINGS | \$1,628,262 | \$0 | 0.0% |
| DGS - ARCHITECT, DIVISON OF THE STATE | \$2,814,328 | \$10,260 | 0.4% |
| DGS - EXECUTIVE OFFICE | \$313,082 | \$0 | 0.0% |
| DGS - FISCAL SERVICES | \$435,782 | \$0 | 0.0% |
| DGS - FLEET ADMINISTRATION | \$11,607,423 | \$19,070 | 0.2% |
| DGS - HUMAN RESOURCES | \$43,190 | \$0 | 0.0% |
| DGS - LEGAL SERVICES | \$90,318 | \$0 | 0.0% |
| DGS - PROCUREMENT | \$366,505 | \$157,142 | 42.9% |
| DGS - PUBLIC SCHOOL CONST. | \$134,319 | \$0 | 0.0% |
| DGS - REAL ESTATE SERVICES | \$502,417 | \$40,641 | 8.1% |
| DGS - RISK & INSURANCE MGMT. | \$136,994 | \$0 | 0.0% |
| DGS - SMALL BUSINESS CERT. | \$466,644 | \$4,842 | 1.0% |
| DGS - STATE PUBLISHING | \$13,676,985 | \$2,101 | 0.0% |
| DGS - TELECOMMUNICATIONS | \$1,553,285 | \$4,741 | 0.3% |
| DEPARTMENT TOTALS | \$33,769,534 | \$238,797 | 0.7% |

Disabled Veteran Business Enterprise

All Contracts

Department of General Services

FY 99/00

| Division or Office | Commodities | | | Services | | | Construction | | |
|---|---------------------------|--------------------------------------|----------------|---------------------------|--------------------------------------|----------------|---------------------------|--------------------------------------|----------------|
| | Total Contract Dollars | Disabled Veteran Contract Dollars | Office DV % | Total Contract Dollars | Disabled Veteran Contract Dollars | Office DV % | Total Contract Dollars | Disabled Veteran Contract Dollars | Office DV % |
| Administrative Hearings | \$379,865 | \$0 | 0.0% | \$2,911,751 | \$0 | 0.0% | \$0 | \$0 | 0.0% |
| Architect, Division of the State | \$691,957 | \$9,150 | 1.3% | \$2,107,639 | \$0 | 0.0% | \$14,732 | \$0 | 0.0% |
| Executive Office | \$354,874 | \$0 | 0.0% | \$537,712 | \$0 | 0.0% | \$0 | \$0 | 0.0% |
| Fiscal Services | \$132,684 | \$0 | 0.0% | \$1,469,789 | \$0 | 0.0% | \$0 | \$0 | 0.0% |
| Fleet Administration | \$3,725,413 | \$10,062 | 0.3% | \$9,971,760 | \$9,008 | 0.1% | \$66,825 | \$0 | 0.0% |
| Human Resources | \$43,190 | \$0 | 0.0% | \$147,047 | \$0 | 0.0% | \$0 | \$0 | 0.0% |
| Legal Services | \$55,219 | \$0 | 0.0% | \$35,099 | \$0 | 0.0% | \$0 | \$0 | 0.0% |
| Procurement | \$530,085,069 | \$23,520,759 | 4.4% | \$1,243,984 | \$0 | 0.0% | \$0 | \$0 | 0.0% |
| Public School Const. | \$209,676 | \$0 | 0.0% | \$671,378 | \$0 | 0.0% | \$0 | \$0 | 0.0% |
| Real Estate Services | \$5,337,848 | \$0 | 0.0% | \$16,977,082 | \$77,653 | 0.5% | \$320,791,804 | \$2,404,249 | 0.7% |
| Risk & Insurance Mgmt. | \$156,604 | \$0 | 0.0% | \$794,393 | \$38,610 | 4.9% | \$0 | \$0 | 0.0% |
| Small Business Cert. | \$103,628 | \$0 | 0.0% | \$360,016 | \$1,842 | 0.5% | \$3,000 | \$3,000 | 100.0% |
| State Publishing | \$35,035,759 | \$2,101 | 0.0% | \$3,060,589 | \$0 | 0.0% | \$0 | \$0 | 0.0% |
| Telecommunications | \$5,036,194 | \$4,741 | 0.1% | \$7,055,819 | \$25,000 | 0.4% | \$0 | \$0 | 0.0% |
| Department Totals by Contract Type | \$581,347,980 | \$23,546,813 | 4.1% | \$47,344,058 | \$152,113 | 0.3% | \$320,876,361 | \$2,407,249 | 0.8% |

Disabled Veteran Business Enterprise
Contracts Under \$25,000
Department of General Services
FY 99/00

| Division or Office | Commodities | | | Services | | | Construction | | |
|---|---------------------------|--------------------------------------|----------------|---------------------------|--------------------------------------|----------------|---------------------------|--------------------------------------|----------------|
| | Total Contract Dollars | Disabled Veteran Contract Dollars | Office DV % | Total Contract Dollars | Disabled Veteran Contract Dollars | Office DV % | Total Contract Dollars | Disabled Veteran Contract Dollars | Office DV % |
| Administrative Hearings | \$148,481 | \$0 | 0.0% | \$1,479,781 | \$0 | 0.0% | \$0 | \$0 | 0.0% |
| Architect, Division of the State | \$691,957 | \$9,150 | 1.3% | \$2,107,639 | \$1,110 | 0.1% | \$14,732 | \$0 | 0.0% |
| Executive Office | \$208,454 | \$0 | 0.0% | \$104,628 | \$0 | 0.0% | \$0 | \$0 | 0.0% |
| Fiscal Services | \$35,238 | \$0 | 0.0% | \$400,544 | \$0 | 0.0% | \$0 | \$0 | 0.0% |
| Fleet Administration | \$3,725,413 | \$10,062 | 0.3% | \$7,882,010 | \$9,008 | 0.1% | \$0 | \$0 | 0.0% |
| Human Resources | \$43,190 | \$0 | 0.0% | \$0 | \$0 | 0.0% | \$0 | \$0 | 0.0% |
| Legal Services | \$55,219 | \$0 | 0.0% | \$35,099 | \$0 | 0.0% | \$0 | \$0 | 0.0% |
| Procurement | \$366,505 | \$157,142 | 42.9% | \$0 | \$0 | 0.0% | \$0 | \$0 | 0.0% |
| Public School Const. | \$81,901 | \$0 | 0.0% | \$52,418 | \$0 | 0.0% | \$0 | \$0 | 0.0% |
| Real Estate Services | \$0 | \$0 | 0.0% | \$86,274 | \$0 | 0.0% | \$416,143 | \$40,641 | 9.8% |
| Risk & Insurance Mgmt. | \$91,994 | \$0 | 0.0% | \$45,000 | \$0 | 0.0% | \$0 | \$0 | 0.0% |
| Small Business Cert. | \$103,628 | \$0 | 0.0% | \$360,016 | \$1,842 | 0.5% | \$3,000 | \$3,000 | 100.0% |
| State Publishing | \$13,211,207 | \$2,101 | 0.0% | \$465,778 | \$0 | 0.0% | \$0 | \$0 | 0.0% |
| Telecommunications | \$1,351,006 | \$4,741 | 0.4% | \$202,279 | \$0 | 0.0% | \$0 | \$0 | 0.0% |
| Department Totals by Contract Type | \$20,114,193 | \$183,196 | 0.9% | \$13,221,466 | \$11,960 | 0.1% | \$433,875 | \$43,641 | 10.1% |